

## INCOME TAX ISSUES

Contact Ciara Thompson, Louise Livingston or Marie Corcoran

### Tax Return Deadlines

31 October : paper returns

31 January : online returns

If you owe tax of less than £2,000 and you want HMRC to collect it through your 2011/12 tax code, you must send your return online by 31 December.

### Penalties

If HMRC receives your tax return after the filing deadline, you will be charged an automatic £100 penalty.

If a Partnership Tax Return is late there is a £100 penalty for each partner.



### Interest and Additional Charges

If you pay your tax late HMRC will charge interest from date the tax was due until your payment is received.

HMRC expects that new Self Assessment penalties for sending in late Tax Returns will be introduced from October 2011. When the new penalties are introduced the full £100 penalty will always be due if your Tax Return is late, even if your tax liability is nil or if you are due a tax refund.

If your Tax Return is still outstanding three months after the filing deadline a daily penalty will be applied. If it is still outstanding after six months an additional £300 or 5% of tax due if this is higher will be applied. The same will be applied again if the Return is still outstanding twelve months after the filing deadline.

### What to do if you can't pay your tax bill

If you find you can not pay your tax bill the most important thing is not to ignore the demand. If you can't pay the bill straight away, you may be able to come to an arrangement with HMRC. Each case is looked at individually but normally

- You will be expected to pay in one lump straight away if you can.
- If you can not pay at once you might be allowed extra time to pay - either in one lump or by instalments.
- If you ignore the problem or can not make a payment arrangement, legal action will be taken to collect what you owe.

### Are you an Employee? Check your Notice of Coding

HMRC has recently introduced the new National Insurance and PAYE Services (NPS) which they are using to issue tax coding notices for the first time. The transition to the new system has brought to light some discrepancies in their existing records and this has resulted in a number of incorrect coding notices being issued. You should check your tax code using the guidance included with your coding notice. If you think that it may be incorrect or are unsure, we can check it for you on your behalf.

### Year End Accounts Information

It is important to get your accounts information to us as soon as possible. If your accounts are finalised before Christmas, you will avoid the VAT increase meaning **your bill will be lower.**

Also if you are due a tax refund, the sooner you get your Tax Return filed, the sooner you will receive your refund!



## CORPORATION TAX ISSUES

Contact Emma, Áine, David, Conor, Kerry or Allison

### Companies House - Being late costs more



Companies House are now taking an aggressive approach to filing deadlines. They have recently struck off companies who failed to file their Annual Return on time and did not reply to correspondence from Companies House.

It is the responsibility of the company's directors and secretary to ensure that the accounts are filed within nine months after the accounting year end. We are advising all our companies to have their records with us within 3 months of their year end to ensure timely and useful information.

The level of the penalty depends on how late the accounts reach Companies House ranging from £150 if they are filed up one month late up to £1,500 if they are filed more than six months late.

### Payment of Tax

From 1 April 2011 all companies and organisations will have to pay any corporation tax and related payments electronically.

### Sage Software

Abac are accredited by Sage and are also a Sage Accountant Partner. We have a team of experts who specialise in Sage software and can offer clients training and advice on the most suitable package for them. If you require any Sage assistance please contact David or Conor.



### Sage 50 Accounts v12 & v2007

Since 1 May 2010, Sage have been applying their software lifecycle policy to both Sage 50 Accounts v12 and v2007. Sage customers who are currently operating on these versions should consider upgrading as soon as possible. Sage currently charge £535 + VAT for an upgrade to the latest version of Sage 50 Accounts Professional, however this upgrade price will only apply until 30 April 2011, after which customers will be charged the full retail sales price starting from £1,075 + VAT. Clients should also be aware that Sage will be withdrawing support and upgrades for these versions in a phased approach, and no technical support will be available from 30 April 2012.

### Charities Act (Northern Ireland)

The new Charities Act is now in place will have big impact on how charities are to operate and report. The main elements are:

- The establishment of a Charity Commission and Registrar of Charities.
- Each charity must be established for one of twelve charitable purposes and must prove that what it is doing is for the public benefit.
- All charities will have to submit Annual Accounts and Annual Returns to the Charity Commission for Northern Ireland (CCNI).

A new type of s.167 charity which will be exempt from certain reporting requirements. s167 applies to institutions which are not charities under NI law but which operate in Northern Ireland.

## VAT ISSUES

contact Paula McDaid

### VAT Rate Increase

The standard rate of VAT is currently 17.5% but will increase to 20% from 4 January 2011. For any sales of standard-rated goods or services that you make on or after 4 January 2011 you must charge VAT at the 20% rate. If you have a cash business and calculate your VAT using the VAT fraction you must use the VAT fraction of 1/6 on your standard-rated VAT inclusive sales from 4 January 2011.

The change only applies to the standard VAT rate. There are no changes to sales that are zero-rated or reduced-rated for VAT. Similarly, there are no changes to VAT exemptions. Any sales you make at these rates are unaffected by this change.

### DIY VAT

If you are building a new home or converting a building into a place to live, whether you do the work yourself or have it done for you, you may be able to reclaim the VAT you pay on some of the building materials and conversion services you use.

You can still make a claim if you add to or finish a partly completed new building, for example where you buy a shell from a developer and fit it out, or have it fitted out by a builder.

You cannot however claim for any extra work you do on a completed building bought from a builder or developer such as adding a conservatory, patio, or garage.

You must make your claim within three months of completing your conversion or building work.



### ROI VAT 66

This year all VAT 60EC reclaims must be submitted online therefore you must be registered with the Government Gateway. The deadline for reclaiming VAT charged on goods (e.g. diesel) bought in the Republic of Ireland in 2009 has now been extended to 31 March 2011.

In order for an invoice to be eligible it must include:

- Suppliers name, address and VAT reg number
- Your name and address
- Date of issue of invoice
- Date of supply of goods or services
- Description of goods or services supplied e.g. derv
- The quantity or volume of goods supplied
- The amount charged excluding VAT
- The rate and amount of VAT at each rate



## TAX CREDITS ISSUES

Contact Ciara Thompson or Louise Livingston

### Check your Tax Credits Award Notices

You need to check your award notice carefully and tell the Tax Credit Office within one month if anything is wrong, missing or incomplete.



If you tell Tax Credits straight away that there is a mistake on your award notice, they will put it right and send you a new one. In this case you may not have to pay back any overpayment.

It is also important to check the amount of money going into your bank account. Part 3 of your award notice - Payment Dates and Amounts - will show your first payment, plus the amount to be paid every week or every four weeks. If a payment doesn't match the amount on your award notice, call the Tax Credit Helpline as soon as possible. Their number is 0845 300 3900

## PAYE ISSUES

contact Ciara McKeown

### New Minimum Wage Rates

#### Current NMW Rates:

There are different levels of NMW, depending on your age. The current rates are:



- £5.80 - the 22 and over rate
  - £4.83 - the 18-21 rate
  - £3.57 - the 16-17 rate for workers above school leaving age but under 18
- If you are of compulsory school age you are not entitled to the NMW.

#### Rates from 1 October 2010

From 1 October 2010 new rates and age bands will apply

- £5.93 - the 21 and over rate
- £4.92 - the 18-20 rate
- £3.64 - the 16-17 rate

New minimum wage of £2.50 per hour for apprentices who are either under 19 or in the first year of their apprenticeship.

### Paying your PAYE Electronically

HMRC recommend that you make your PAYE payments electronically. Paying electronically:-

- Is safe and secure
- Gives you better control over your money
- Provides certainty about when your payment will reach HMRC
- Avoids postal costs and delays
- Lets you pay at a convenient time if you use Direct Debit, internet or telephone banking or debit or credit card over the internet.

You may have to pay penalties if you do not pay your PAYE, NIC, CIS or Student Loan deductions on time and in full.

## OTHER ISSUES

### ROI Tax Return

The deadline for filing of ROI Tax Returns and payment of tax is 31 October 2010. If you feel you should be filing a ROI tax return please contact any of our income tax team as soon as possible.

### Book-keeping / VAT / Sage Seminars

We offer a range of seminars on basic book-keeping, VAT and Sage. We have found that these seminars have resulted in reduced fees for some of our clients due to better record keeping. For further information on these seminars contact our office.

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